

## ADMINISTRATIVE DIRECTIVE 8.6

Effective Date: 03/01/07

### Correction of Payment (Overpayment/Underpayment)

Revision Date(s):

#### I. PURPOSE:

To define citywide guidelines for recovering *overpayments* and *underpayments* made by the City of San Antonio to its non-uniformed *employees*.

#### II. POLICY:

It is the policy of the City of San Antonio to avoid *overpayments* and *underpayments* to its *employees*. However, if an *overpayment* or *underpayment* occurs, corrective measures for such an error will be considered on a case by case basis (i.e. how to recoup the *overpayment* or how to process an *underpayment*). The City reserves the right to collect any *overpayment* through appropriate legal means.

#### III. DEFINITIONS:

A. **Employee:** For purposes of this Administrative Directive, all non-uniformed personnel of the City of San Antonio.

B. **Overpayment:** Any payment from the City to which an *employee* is not entitled.

C. **Reasonable Repayment:** Reimbursement of an overpaid amount due to the City in a manner whereby the repayment schedule does not reduce the *employee's* gross pay below the minimum wage per hour set by the Fair Labor Standards Act (FLSA). For example, if the minimum wage is \$5.15 per hour and the *employee* earns \$6.00 per hour, no more that 85 cents per hour may be withheld as *overpayment* withholding from non-overtime wages unless agreed to by the *employee*. For overtime purposes, the *overpayment* withholding does not affect the *employee's* regular rate of pay. The City may not withhold any of the *overpayment* from the *employee's* overtime pay.

D. **Underpayment:** A payment less than the amount due to an *employee*.

#### IV. POLICY GUIDELINES:

This directive applies to all non-uniformed City *employees*. Regulations and procedures for uniformed personnel regarding *overpayments*, *underpayments*, and the reimbursement thereof may be addressed under their respective collective bargaining agreements. It is the policy of the City to apply this directive to all *overpayments* and *underpayments*, including, but not limited to payroll, wage supplementation, travel expense payments, workers' compensation payments, disability plan payments and *employee* benefits premiums. *Overpayment(s)* and/or *underpayment(s)* will be reflected in the *employee's* W-2 in the same calendar year that the *overpayment(s)* and/or *underpayment(s)* occur, as may be required by Internal Revenue Service regulations.

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#### V. RESPONSIBILITIES:

##### A. *Employees shall:*

1. Review the information contained in his/her paycheck or payment voucher and notifies his/her immediate supervisor of any *overpayment* and *underpayment* as soon as he/she knows that this error has occurred. *Employees* are required to preserve *overpayments* for repayment to the City. Failure to report and preserve such *overpayments* may result in disciplinary action up to and including termination of employment.
2. Execute any necessary documentation to correct said *overpayment* in accordance with this Administrative Directive to authorize the repayment of any *overpayment*.
3. It will be the responsibility of the *employee* to pay for all unpaid insurance premiums as a result of receiving a payroll check that is less than the premium coverage.

##### B. *Departments shall:*

1. Comply with all regulations related to *employee* pay, or any other disbursements, including, but not limited to, Federal and State Regulations, Municipal Civil Service Rules of San Antonio, Administrative Directives, and any other departmental policies and procedures.
2. Ensure that their *employees* are paid promptly and correctly.
3. Assist their *employees* with all payroll issues.
4. Report and submit notification to the Finance Department (Payroll Office), along with the necessary documentation, of their *employees' overpayments* and *underpayments* within 24 hours from the time the *employee* reported the *overpayment* or *underpayment* or it otherwise became known. (See Attachment A)
5. Establish procedures to ensure that *employee* payroll records and pay rate changes are made accurately and promptly.
6. Make corrections in SAP if *overpayment* or *underpayment* is determined as a direct result of data entry or other system related errors.
7. Immediately review, upon receipt, all payroll reports to identify any pay errors, and implement the proper posting of any record changes or adjustments.

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8. Promptly address and coordinate with the *employee* and Payroll Office to ensure the *employee* is being paid the *underpayment* at the earliest date possible. The amount of the *underpayment* should be considered in determining a date that is both reasonable and practicable for payment to the *employee* of the *underpayment*.
9. Promptly address and coordinate collection of *overpayments* with the *employee*. (See Attachment B)
10. Submit Attachment B to the Payroll Office in the Finance Department after arranging a repayment schedule when the *employee* is unable to repay the City in one payment or through one payroll deduction.
11. After coordination with the Human Resources Department, take appropriate disciplinary action against *employees* who fail to comply with any of the provisions of this Administrative Directive.

**NOTE:** The City's Finance Department and City Attorney's Office may be consulted, if necessary. Any claims paid will be charged against the responsible department's budget.

#### C. Finance Department shall:

1. Retain administrative responsibility for this Administrative Directive.
2. Oversee the collection repayment process within the Payroll System.
3. Contact the City Attorney's Office for assistance in collection of *overpayments* if necessary.
4. Coordinate with departments to ensure complete understanding of the error(s) causing *overpayments* and/or *underpayments* and the corrective measure(s) that will help to eliminate/mitigate future occurrences of such *overpayments* and/or *underpayments*.
5. Work with the SAP Production Support to correct system errors resulting in *overpayments* or *underpayments* to *employees*.

#### D. City Attorney's Office shall:

1. Provide legal advice to City Departments regarding *employee overpayments* or *underpayments*.
2. Provide legal advice to City Departments regarding disciplinary action of those *employees* who fail to repay the City or otherwise fail to comply with this Administrative Directive.

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3. Provide legal advice and representation in the collection of *overpayments* when all administrative methods or remedies have been exhausted in accordance with this Administrative Directive.

#### VI. CONTROLS:

##### A. *Overpayment Notification & Employee Repayment:*

1. Departments must give *employees* written notification of any monies owed to the City due to an *overpayment* by the City, using Attachment B.
2. For any *overpayment* discovered prior to payroll check distribution, the check must be voided and rewritten as soon as possible. If an error is discovered before payroll is deposited in an *employee's* account via direct deposit, the payroll must be corrected and the *employee* will be issued a replacement check when due.
3. For any *overpayment* discovered after distribution or deposit, the department must notify the *employee* using Attachment B and have the *employee* either remit payment or execute Attachment B to authorize repayment of said *overpayment* through payroll deductions. The written notification must contain the following essential information:
  - (a) Amount of the *overpayment*
  - (b) Reason for the *overpayment*
  - (c) Proposed repayment rate

##### B. *Repayment Schedule:*

When an *employee* is overpaid less than one hundred dollars (\$100), the *employee* is required to repay the *overpayment* in full or through one payroll deduction (as long as this action does not reduce the *employee's* paycheck or pay voucher below minimum wage as discussed in Section III above). When an *employee* is overpaid between one hundred dollars (\$100) and seven hundred fifty dollars (\$750), the *employee* will arrange a payment schedule with the City (through the *employee's* department) to make installment payments or payroll deductions of a minimum of \$25 per pay period. Any *overpayment* made to an *employee* in excess of seven hundred fifty dollars (\$750) must be repaid to the City immediately upon receipt by the *employee*, without the use of payroll deductions.

##### C. *Underpayment Notification:*

1. Departments must notify *employees* of *underpayment* within 24 hours of confirming an *underpayment* in the payroll record. The Time Administrator will coordinate with the *employee* and Payroll Office to ensure the *employee* is paid the *underpayment* at the earliest date possible. The amount of the

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*underpayment* should be considered in determining a date that is both reasonable and practicable for payment to the *employee* of the *underpayment*.

2. The Time Administrator or Payroll Maintainer will research the reason for the *underpayment* and make all necessary adjustments to correct the problem.
3. The Time Administrator will complete and submit the necessary documentation to the Payroll Office to recover *underpayment* of wages for the *employee* using Attachment A.
4. The Time Administrator will monitor the status of repayment to the *employee* and will distribute the amended paycheck to the *employee*.

#### D. Separated Overpaid Employees:

In the event an overpaid *employee* voluntarily or involuntarily separates from City employment, the following applies:

1. If the separated *employee* agrees, he or she will be asked to sign a consent authorizing the department to withhold the remaining *overpayment* from any final salary and leave payments made to the *employee*.
2. If the final salary and leave payments are insufficient to settle the remaining *overpayment*, the separated *employee* is expected to repay the City for any outstanding balances within 10 calendar days of separation.
3. If the separated *employee* refuses to consent to the withholding requirements described in 1. above and/or refuses to repay the remaining *overpayment*, the department is to contact the City Attorney's Office for further advice and action.

#### E. Employee's Consent to Withhold Repayment:

For purposes of repaying *overpayments* the City will not withhold any money from an *employee's* paycheck without his or her written consent. (See Attachment B) Failure of an *employee* to cooperate in repaying the City as per this Administrative Directive is subject to discipline up to and including termination. The City may pursue all legal remedies available to collect any *overpayment* should the *employee* refuse to repay an *overpayment*.

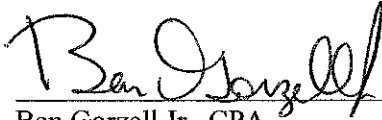
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### Correction of Payment (Overpayment/Underpayment)

This directive supersedes all previous correspondence on this subject. Information and/or clarification may be obtained by contacting the Finance Department, Payroll Office at 207-8643.

Recommended by:



Ben Gorzell Jr., CPA  
Finance Director

1/23/07

Date

Approved by:

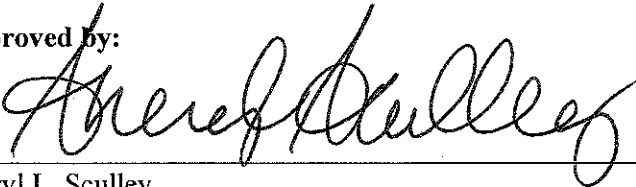


Pat DiGiovanni  
Deputy City Manager

1/23/07

Date

Approved by:



Sheryl L. Sculley  
City Manager

1-24-07

Date

**CITY OF SAN ANTONIO  
OFF-CYCLE PAYMENT REQUEST FORM**

Department Submitting Request:

Employee Name:

SAP Personnel No:

Payroll: ☐ BC ☐ BU ☐ BT ☐ MS ☐ MP

Reason for this Request: ☐ Under Payment ☐ Over Payment

For Pay Period: From Ending

Reason for Under / Over Payment:

☐ Time Entry Error ☐ Missed Time Entry/Approval Deadline ☐ Master Data  
☐ Work Schedule ☐ Holiday ☐ Other

Provide any Additional Information in the Space Below or Attach Documentation Required to Assist with Correction of Under / Over Payment:

Departmental Action Taken to Resolve Under / Over Payment:

Reason Correction Can Not Wait for Next Payroll Check:

Contact Person:

Phone No:

Director/ Designee's Signature:

Date:

**FINANCE DEPARTMENT (PAYROLL) USE ONLY**

Date Request Received:

Reviewed / Processed By:

Required Action / Resolution:

Off-Cycle Check Created By:

Date:

Check No:

Check Amount:

Check Date:

Finance Director's Signature (If Required):

**CITY OF SAN ANTONIO  
OFF-CYCLE PAYMENT REQUEST FORM  
INSTRUCTIONS**

All requests for off-cycle checks must utilize this form and be submitted to the Finance Payroll Office located at City Hall Annex, 506 Dolorosa, or faxed to 207-2856. The Payroll Office will notify the Departmental Contact person upon completion of the Off-Cycle request.

Please provide the following information when completing the Off-Cycle Request Form:

1. Title of the Department submitting the request.
2. Full name and the SAP Personnel Number for the employee the Off-Cycle request is being submitted. Please do not use the Social Security Number or other identification in order to protect the privacy of the employee.
3. Indicate the payroll for which the Off-Cycle is being requested. The selections include the following:
  - a. BC – Civilian Payroll
  - b. BU – Uniformed (Fire or Police) Payroll
  - c. BT – Temporary Payroll
  - d. MS – School Crossing Guard
  - e. MP – Pension Payroll
4. Indicate the pay period in which the Over/Under Payment occurred.
5. Select the reason for the Over/Under Payment. If the reason is not listed please select other and describe the cause. Additionally, if the department can not determine the cause of the Over/Underpayment, please provide information and documentation necessary to assist in identifying a solution. (i.e. Copies of remuneration statement, estimated amount of underpayment, discrepancy in hours, etc)
6. Departments should first research the issue prior to contacting the Finance Department and list the corrective action taken. (i.e. Time Entry/Human Resources Master Data has been corrected and ready for Finance to print Off-Cycle)
7. Please provide a detailed explanation in the event the amount of the Over/Under Payment creates a financial hardship for the employee and the correction can not wait to be included on the next pay check.
8. Provide the name and phone number of the Departmental contact person in the event additional information is required.
9. The approval of the Department Director or Designee is required in order to process an Off-Cycle Payroll Check.

**Incomplete forms will be returned and may delay processing.**



## CITY OF SAN ANTONIO

## EMPLOYEE NOTICE OF OVERPAYMENT AND AUTHORIZATION FOR REPAYMENT

Department Submitting Request:

Employee Name:

SAP Personnel No:

Reason for Overpayment:

☐ Payroll☐ Travel☐ Tuition Reimbursement☐ Other

Overpayment Amount: \$

Date Overpayment Occurred:

Repaying this overpayment in the amount of \$\_\_\_\_\_ is not voluntary. However, the City will not withhold any money from your paycheck without your written consent. If you wish to repay the City through payroll deductions, you may do so by executing this document.

Administrative Directive 8.6: Correction of Payment (Overpayment/Underpayment), states that employees who do not repay the money given to them by mistake are subject to discipline up to, and including termination. The City may pursue all legal remedies available to collect any overpayment should the employee refuse to repay an overpayment.

When an employee is overpaid less than one hundred dollars (\$100), the employee is required to repay the overpayment in full or through one payroll deduction (as long as this action does not reduce the employee's paycheck or pay voucher below minimum wage as discussed in Section III above). When an employee is overpaid between one hundred dollars (\$100) and seven hundred fifty dollars (\$750), the employee will arrange a payment schedule with the City (through the employee's department) to make installment payments or payroll deductions of a minimum of \$25 per pay period. Any overpayment made to an employee in excess of seven hundred fifty dollars (\$750), must be repaid to the City immediately upon receipt by the employee, without the use of payroll deductions.

If you do not agree with the overpayment amount, you must notify your supervisor within five calendar days of receipt of this notice.

"I, \_\_\_\_\_, (employee) hereby certify that my Supervisor/Designee, \_\_\_\_\_ has notified me on \_\_\_\_\_ (date) that I was overpaid, and that I have received this memo as notice of the overpayment; therefore, I hereby authorize the repayment of the overpayment as follows:

Payroll Deduction Amount	Number of Payroll Deductions	Total Repayment Amount
\$ _____	_____	\$ _____

Contact Person:

Phone No:

Employee Signature:

Date Notified:

Supervisor/Designee's Signature:

Date of Notification:

## FINANCE DEPARTMENT (PAYROLL) USE ONLY

Date Request Received:

Reviewed / Processed By:

Date Processed:

Finance Department Approval:

Date:



## CITY OF SAN ANTONIO

### EMPLOYEE ACKNOWLEDGMENT FORM FOR

#### ADMINISTRATIVE DIRECTIVE 8.6 Correction of Payment (Overpayment/Underpayment)

**Employee:**

I acknowledge that on \_\_\_\_\_, 20\_\_\_\_, I received a copy of Administrative Directive 8.6, Correction of Payment (Overpayment/Underpayment). I understand if I should have any questions I should contact my Human Resources Generalist.

\_\_\_\_\_  
Employee Name (Print)

\_\_\_\_\_  
Department

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
SAP ID #